

- the commission under Section 19856 or affect the applicant's burden under Section 19857.
- (e) Association of the applicant with criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.
 - (f) Contumacious defiance by the applicant of any legislative investigatory body, or other official investigatory body of any state or of the United States, when that body is engaged in the investigation of crimes relating to gambling; official corruption related to gambling activities; or criminal profiteering activity or organized crime, as defined by Section 186.2 of the Penal Code.
 - (g) The applicant is less than 21 years of age.

19860. License Denial; Establishment in Location without Required Ordinance

- (a) The commission shall deny a gambling license with respect to any gambling establishment that is located in a city, county, or city and county that does not have an ordinance governing all of the following matters:
 - (1) The hours of operation of gambling establishments.
 - (2) Patron security and safety in and around the gambling establishments.
 - (3) The location of gambling establishments.
 - (4) Wagering limits in gambling establishments.
 - (5) The number of gambling tables in each gambling establishment and in the jurisdiction.
- (b) In any city, county, or city and county in which the local gambling ordinance does not govern the matters specified in subdivision (a), any amendment to the ordinance to govern those matters is not subject to Section 19961, provided that a local election is required to add these matters, and the ordinance only provides for private clubs by vote of the people, and that the ordinance is amended to contain these matters on or before July 1, 2000.

19861. Denial of License; Criteria

Notwithstanding subdivision (i) of Section 19801, the commission shall not deny a license to a gambling establishment solely because it is not open to the public, provided that all of the following are true:

- (a) the gambling establishment is situated in a local jurisdiction that has an ordinance allowing only private clubs, and the gambling establishment was in operation as a private club under that ordinance on December 31, 1997, and met all applicable state and local gaming registration requirements;
- (b) the gambling establishment consists of no more than five gaming tables;
- (c) videotaped recordings of the entrance to the gambling room or rooms and all tables situated therein are made during all hours of operation by means of closed circuit television cameras, and these tapes are retained for a period of 30 days and are made available for review by the division or commission upon request; and
- (d) the gambling establishment is open to members of the private club and their spouses in accordance with membership criteria in effect as of December 31, 1997.

A gambling establishment meeting these criteria, in addition to the other requirements of this chapter, may be licensed to operate as a private club gambling establishment until November 30, 2003, or until the ownership or operation of the gambling establishment changes from the ownership or operation as of January 1, 1998, whichever occurs first. Operation of the

gambling establishments after this date shall only be permitted if the local jurisdiction approves an ordinance, pursuant to Sections 19961 and 19962, authorizing the operation of gambling establishments that are open to the public. The commission shall adopt regulations implementing this section. Prior to the commission's issuance of a license to a private club, the division shall ensure that the ownership of the gambling establishment has remained constant since January 1, 1998, and the operation of the gambling establishment has not been leased to any third party.

19862. License Denial; Consideration by Commission; Additional Grounds

- (a) In addition to other grounds stated in this chapter, the commission may deny a gambling license for any of the following reasons:
 - (1) If issuance of the license with respect to the proposed gambling establishment or expansion would tend unduly to create law enforcement problems in a city, county, or city and county other than the city, county, or city and county that has regulatory jurisdiction over the applicant's premises.
 - (2) If an applicant fails to conduct an economic feasibility study that demonstrates to the satisfaction of the commission that the proposed gambling establishment will be economically viable, and that the owners have sufficient resources to make the gambling establishment successful. The commission shall hold a public hearing for the purpose of reviewing the feasibility study. All papers, studies, projections, pro formas, and other materials filed with the commission pursuant to an economic feasibility study are public records and shall be disclosed to all interested parties.
 - (3) If issuance of the license is sought in respect to a new gambling establishment, or the expansion of an existing gambling establishment, that is to be located or is located near an existing school, an existing building used primarily as a place of worship, an existing playground or other area of juvenile congregation, an existing hospital, convalescence facility, or near another similarly unsuitable area, as determined by regulation of the commission, which is located in a city, county, or city and county other than the city, county, or city and county that has regulatory jurisdiction over the applicant's gambling premises.
- (b) For the purposes of this section, "expansion" means an increase of 25 percent or more in the number of authorized gambling tables in a gambling establishment, based on the number of gambling tables for which a license was initially issued pursuant to this chapter.

19863. Publicly Traded Association or Qualified Racing Association; Gaming Establishment

A publicly traded racing association or a qualified racing association shall be allowed to operate only one gaming establishment, and the gaming establishment shall be located on the same premises as the entity's racetrack.

19864. State License Application; Forms; Content

- (a) Application for a state license or other commission action shall be made on forms furnished by the commission.
- (b) The application for a gambling license shall include all of the following: